

Message Text

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PAGE 01 PARIS 23511 121729Z

54

ACTION EB-07

INFO OCT-01 EUR-12 IO-13 ISO-00 CAB-05 CIAE-00 COME-00

DODE-00 DOTE-00 INR-07 NSAE-00 CIEP-02 FAA-00 PA-02

USIA-15 PRS-01 SP-02 STR-04 /071 W

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R 121719Z AUG 76

FM AMEMBASSY PARIS

TO SECSTATE WASHDC 3923

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY THE HAGUE

AMEMBASSY MADRID

FAA BRUSSELS

USMISSION EC BRUSSELS

USMISSION GENEVA

UNCLAS PARIS 23511

E.O. 11652: N/A

TAGS: EAIR, EIND, TECH, FR, US

SUBJECT: CIVAIR:US-FRENCH AEROSPACE COOPERATION

REF: PARIS 18944(NOTAL), PARIS 21963 (NOTAL)

1. AT PRESS CONFERENCE IN TOULOUSE AUGUST 12 STATE SECRETARY OF TRANSPORTATION CAVAILLE ANNOUNCED THAT GOF HAD GIVEN AGREEMENT IN PRINCIPLE TO AEROSPATIALE AND DASSAULT COOPERATION WITH MCDONNELL DOUGLAS FOR JOINT DEVELOPMENT AND PRODUCTION OF NEW MEDIUM RANGE AIRCRAFT, THE MERCURE 200. IT WILL BE DERIVED FROM DASSAULT-BUILT MERCURE 100 NOW OPERATED BY FRENCH DOMESTIC CARRIER AIR INTER. IT WILL BE POWERED BY TWO CFM-56 ENGINES BEING DEVELOPED JOINTLY BY GE AND SNECMA, WILL HAVE CAPACITY OF UP TO 180 PASSENGERS AND RANGE OF 3,000 KILOMETRES. CAVAILLE FORESAW MARKET OF ABOUT 800 AIRCRAFT IN THIS CATEGORY DURING THE NEXT DECADE.

UNCLASSIFIED

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PAGE 02 PARIS 23511 121729Z

2. CAVAILLE SAID THAT FROM THE OUTSET OF TALKS WITH FRENCH MCDONNELL DOUGLAS HAD SHOWN EVIDENCE OF WILL TO COOPERATE AND SENSE OF FAIR PLAY, "CONTRARY TO BOEING WHICH WITH ITS 727'S AND 737'S HAS A QUASI-MONOPOLY OF THE MARKET FOR MEDIUM-RANGE AIRCRAFT". CAVAILLE SAID THAT MCDONNELL DOUGLAS, WHICH WILL HAVE A 15 PERCENT SHARE IN THE CONSTRUCTION WORK, IS COUNTED ON TO OPEN UP US MARKET FOR SALES OF THE NEW AIRCRAFT. AEROSPATIALE WILL HAVE 40 PERCENT OF THE WORK (ASSEMBLY LINE WILL BE LOCATED AT ITS PLANT IN TOULOUSE) AND DASSAULT WILL HAVE 5 PERCENT. (DASSAULT, CAVAILLE SAID, WOULD CLEARLY BE THE "ARCHITECT" OF THE PROJECT.) CAVAILLE SAID THE REMAINDER WOULD BE APPORTIONED AMONG EUROPEAN PARTNERS WHO MIGHT BE INTERESTED IN COOPERATING, NOTABLY GERMAN.

3. ASKED WHERE MCDONNELL DOUGLAS MIGHT EVENTUALLY DEVELOP AN AIRCRAFT THAT WOULD COMPETE WITH A-300 AIRBUS, CAVAILLE IS REPORTED BY AFP TO HAVE REPLIED: "THAT IS EXCLUDED. WE CANNOT IN ALL DECENCY SIGN A CONTRACT THAT WOULD CONDEMN THE AIRBUS".

4. LE MONDE REPORTS THAT THE GOF HAS GIVEN THE PARTIES THREE OR FOUR MONTHS TO NEGOTIATE DETAILED CONTRACTUAL ARRANGEMENTS WHICH WILL BE SUBJECT TO FINAL APPROVAL BY THE GOF. ACCORDING TO LE MONDE, SOME DETAILS OF RELATIONSHIP BETWEEN AEROSPATIALE AND DASSAULT FOR THIS PROJECT REMAIN TO BE SPELLED OUT AND NOT ALL THE FINANCING ARRANGEMENTS HAVE YET BEEN AGREED NOTABLY AS CONCERNS MCDONNELL DOUGLAS PARTICIPATION.

5. WE NOTE THAT CAVAILLE ANNOUNCEMENT COMES DAY OR TWO AFTER PRESS REPORTS THAT BOEING AND THE JAPANESE ARE CLOSE TO AGREEMENT FOR JOINT DEVELOPMENT OF THE 7X7 IN WHICH AERITALIA WOULD ALSO PARTICIPATE. HOWEVER, IF THESE NEWS REPORTS ARE ACCURATE IT WOULD APPEAR THAT 7X7 VERSION THEREIN DESCRIBED: I.E., THREE ENGINE WIDE BODY WITH 200 PLUS PASSENGER CAPACITY, IS CONCEIVED MORE AS COMPETITOR OF AIRBUS THAN OF MERCURE 200. LE MONDE OPINES THAT BOEING WILL NOW PROBABLY FOCUS ON 727 AND 737 DERIVATIONS TO MEET COMPETITION FROM MERCURE

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PAGE 03 PARIS 23511 121729Z

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CIVIL AVIATION, AGREEMENTS, PRODUCTION, COMMERCIAL AIRCRAFT, PRESS CONFERENCES, JOINT VENTURES, DEVELOPMENT PROGRAMS
Control Number: n/a
Copy: SINGLE
Draft Date: 12 AUG 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976PARIS23511
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760311-0334
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19760860/aaaacalb.tel
Line Count: 109
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 76 PARIS 18944, 76 PARIS 21963
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 02 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <02 APR 2004 by ReddocGW>; APPROVED <05 JAN 2005 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: CIVAIR:US-FRENCH AEROSPACE COOPERATION
TAGS: EAIR, EIND, TECH, FR, US, MCDONNELL DOUGLAS, AEROSPATIALE, DASSAULT COOPERATION
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006